



## Leasing and Equipment Finance Agreement FAQ's

	Lease	EFA	Standard P&I Loan
<b>Payment Terms</b>	A lease contract is essentially a rental agreement. The lessee agrees to make a stream of payments for the term of the lease.	Contract combines equipment cost, taxes, expenses, and finance charges then divides over the term of the agreement to create a payment stream.	Borrower obtains purchase funds in advance (principal) and repays over time with calculable interest.
<b>Terms of ownership</b>	The lessor holds legal title to the equipment. There's usually a buy-out option at the end of the lease term based on the residual value of the equipment at that time.	The customer maintains ownership of the equipment throughout the term of the contract while the equipment itself provides collateral for the contract.	The borrower maintains ownership of the equipment throughout the term of the loan while the equipment itself provides collateral for the loan.
<b>Property Tax</b>	The lessor is considered the owner of the equipment in a lease agreement. We report the equipment to your local jurisdiction, are billed the tax amount, and as part of your lease agreement you reimburse us.	The customer is responsible for remitting any personal property tax directly their local jurisdiction as applicable.	The customer is responsible for remitting any personal property tax directly their local jurisdiction as applicable.
<b>Pre-payment and Early Payoff</b>	Pre-payment of the lease contract does not reduce the costs calculated into your payment stream.	Pre-payment of the contract does not reduce the financing costs calculated into your payment stream.	Pre-payment reduces the interest charged based on principal and length of loan. Therefore, the payoff amount may be less when paid off early.
	Both a lease and an EFA are structured to be non-cancelable for the term indicated. As such, there may not be a pre-payment penalty, however, there isn't the same discount for paying off early as with a regular principal and interest loan as you will still be responsible for the sum of the remaining payments of the contract.		
<b>Pre-payment Penalty</b>	We work with many third-party originating companies. Please review your contract agreement to determine if there is a pre-payment fee charged by the originator. You may also contact the third-party company you originated your contract with for more details.		
<b>Pro-rata</b>	We provide a monthly cycle of due dates. When starting your contract, it's unlikely that it would start on a scheduled due date. Therefore, there is a prorated amount that appears on your invoice much like with a utility company. Pro-rata is calculated by taking your monthly payment amount, divided by 30 days, multiplied by the number of days between when funds were released to your vendor and the commencement date of your contract.		

<b>Insurance</b>	Our contracts require that insurance is in place to cover the equipment in the event of a loss. If you have an invoice showing insurance charges, we have not received proof of sufficient outside insurance coverage and have therefore placed our own coverage, per the terms of the contract. If you have questions, you may contact our insurance tracking company at <a href="mailto:finpacins@assurant.com">finpacins@assurant.com</a> or 888-423-6722.	
<b>Credit Reporting Agencies</b>	We report your payment history only to the business credit reporting side of Equifax, which is a business lending consortium known as the Small Business Financial Exchange or SBFE, and to PayNet. Your contract for repayment gives us authorization to obtain updates to your business and personal credit reports, as necessary, through the life of the contract.	